

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7561**

**BILL NUMBER: SB 577**

**NOTE PREPARED: Apr 5, 2011**

**BILL AMENDED: Apr 5, 2011**

**SUBJECT:** Financial Aid.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:** Rep. Dermody

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) *Higher Education Award*: The bill provides that the Commission for Higher Education (CHE) shall maintain the records of students attending an approved postsecondary educational institution under a Higher Education Award. It requires an approved postsecondary educational institution to provide to the CHE the student data that is requested by the CHE and that is necessary to carry out the Higher Education Award provisions.

*Transfer*: The bill allows money to be transferred from the Freedom of Choice Grant Fund to the Higher Education Award Fund.

*Children of Disable Veteran*: The bill provisions concerning an age requirement, a grade point average requirement, and how many years certain state tuition exemptions are available for children of disabled veterans.

**Effective Date:** Upon passage; July 1, 2011.

**Explanation of State Expenditures:** *Higher Education Award*: CHE could incur some additional cost associated with the development and maintaining a student information system on students that receive a Higher Education Award. The commission can probably develop and maintain the database within existing resources.

*Transfer*: The bill would allow the State Student Assistance Commission to transfer money from the Freedom of Choice Grant Fund to the Higher Education Award Fund after the commitments of the Freedom of Choice Grant have been met. The Freedom of Choice Awards totaled about \$43.7 M in FY 2007 and

increased to \$52.5 M in FY 2009 and the Higher Education Awards were about \$119.6 in FY 2007 and increase to \$144.4 M in FY 2009. The bill would allow greater flexibility in the use of scholarship funding. Currently the transfer can only be made from the Higher Education Award Fund to the Freedom of Choice Grant Fund.

(Revised) *Children of Disabled Veteran*: The bill could impact future fee remissions for an individual student depending new eligibility requirements. A student would have to be under 32 year old and after two consecutive semesters or longer maintain at least a 2.5 on a 4.0 grading scale. The bill also limits the availability of the scholarship to eight years after the individual applies and is eligible for benefits. The amount of scholarship may be reduced by an amount the individual receives from federal assistance.

For FY 2008-2009, there were about 5,063 children of deceased or disabled veterans receiving about \$18.8 M in fee remissions. There was \$20.5M annually appropriated for this program in FY 2010 and FY 2011. Currently, the demand for fee remissions has exceeded the appropriation so the amount distributed has been reduced so it does not exceed the appropriation. Universities must then make up the difference if the current 100% remission is not fully funded with the appropriation. Any impact of this change will be subject to the number of students who qualify and the amount of future appropriations.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected** State Student Assistance Commission, Higher Education Commission, State Universities.

**Local Agencies Affected:**

**Information Sources:** Laurie Gavin, State Student Assistance Commission, 317-234-5134 .

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.